From: Halasz, Stephen (Austin, TX-US)

Gary Moore/R6/USEPA/US@EPA; Richard Bergner; Quinn O'Connell, Jr. To:

Subject: Falcon Refinery Weekly update

08/26/2011 03:47 PM Date:

Gary,

Here's the weekly update for the refinery:

August 22, 2011

TRC is awaiting a call back from ChemTran from Houston for details (Costs, schedule, etc.) on arranging a shipment of sludge sample to Veolia Env. Svcs. Lab in Ashland, KY.

TRC developed costs for various alternatives to address the sludge in Tanks 10, 27 and 26. Three cost alternatives (spread sheets) were revised for the following:

- a) Disposal of TANK 10 and 27 materials to U.S. Ecology & Treatment of TANK 26 water, and disposal of liquids to U.S. Ecology;
- b) Reclaiming of tank sludge, treatment of tank water, and decontamination for TANKS 10 and 27; and
- c) reclaiming of tank sludge, treatment of tank water, and decontamination of TANK 26.

Spreadsheets contain costs for cleanout/decontamination/disposal for 7 of the 8 small tanks (Tanks 17, 18, 19, 21, 22, 23, and 24).

Costs may be realized by delaying centrifuging of Tanks 10 and 27 until water in Tank 26 has been completed. This would facilitate centrifuging of the three tanks (10, 27 & 26). The centrifuging of the three tanks in one effort would eliminate costs for multiple mobilization, demobilization, setup, teardown, and decontamination events. An additional estimate will be prepared for costs to centrifuge sludge in all Tanks 10, 27 and 26 in one event.

We contacted Phil Winsor at TCEQ and asked about the application for discharging water from the tanks. Phil indicated that he was going to contact the program and check on the status of that document review. Phil stated that he would provide an update by email.

August 23, 2011

An additional cost estimate was developed with a scenario to centrifuge three tanks 10, 27 & 26 to determine the lowest costs and best savings with the various treatment alternatives for these tanks. While the time constraints do not enable this approach for three tanks, cost estimates provides valuable information because contractor costs (mobilization/demob., coordination on setup would be at a minimum)

For centrifuging the sludge Veolia requires that a sample is shipped to Ashland KY to evaluate the materials. The purpose of the laboratory analysis by Veolia is to conduct a bench scale test and design a polymer system for the centrifuging of tank sludge.

Veolia indicated that one sample should provide the information required to design the polymer system. We with Mr. Richard Maxwell of DuraTherm at the site; We visually inspected, through open manways, the contents of Tanks 10 and 27. Richard collected a quart sample of materials from Tank 10 for their analysis. We discussed the objectives TRC had on the tank sludge at the site. We completed paperwork to document the sample. Richard has agreed to provide TRC with a price quote to transport sludge materials from the tanks and thermally destruct the sludge in San Leon, TX.

TRC has also requested a price quote for centrifuging tank 26 from Richard Maxwell for a comparison to the quote we have received from Veolia; A quote was to be available on Friday morning of this week.

August 24, 2011

TRC contacted Richard Maxwell and ask if Duratherm would expedite the price quote for the transportation/disposal of the sludge materials from tanks 10 and 27 on Wednesday. He said he would try to provide one to TRC by COB Thursday of this week.

Based on the cost analyses we decided to continue removing water from tanks 10 and 27. This effort will minimize the tonnage of waste that will be transported to either US Ecology or to Duratherm for thermal destruction or recycling.

August 25, 2011

Following TRC's August 22, 2011 telephone conversation with Phil Winsor at TCEQ, TRC followed up with an email today inquiring into the review of the waste water discharge application and expressing our concerns as 'With the rainy season almost upon us in South Texas, it is TRC's desire to move forward and remain ready to mitigate any potential concerns with this project.

Phil at TCEQ talked with the WW Permit Section yesterday afternoon. The application is being reviewed internally and he is waiting to hear what the review turnaround time is. Phil has expressed the need for a quick review w/comments ASAP. He plans to contact TRC with a time commitment and/or comments from the waste water group.

GAINCO will provide TRC with a proposal for the removal of liquids/decontamination/demolition for tanks 2, and 17 – 24.

Attachments for access agreements to the offsite property owner were prepared with the parcel identifying each property where soil/sediment are to be collected from.

August 26 2011

GAINCO began removing water from Tank 27. GAINCO estimates being able to remove two truck loads (140 bbls) from Tank 27 today and 3 to 4 loads (210 to 280 bbls) of water from Tank 10 by day's end.

Planned work for next week;

Resume working on Tanks 10 and 27. GAINCO will move material with an air lance to facilitate the removal of water. As water is eliminated from those tanks then GAINCO will

mobilize a supersucker vacuum truck to remove the remaining sludge from these tanks.

For Tanks 17 through 24, work will begin mid next week by removing manways and valves to refine/assess quantities. Liquids will be removed . Pending EPA approval GAINCO will begin demolishing the 8 small tanks and Tank 2 during the week following labor day weekend.

Recent Progress to date:

- Tank 2 is completely decontaminated.
- Liquids from 10 and 27 are currently being removed and will be completed by September 14, 2011.
- During the next two weeks the removal/decontamination/ demolition of 9 tanks (2, 17,18,19,20,21,22,23 &24) will be accomplished by September 23, 2011.
- TRC will have addressed 11 of 20 tanks at the site by September 23, 2011.

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